

1 THE HONORABLE ROBERT S. LASNIK  
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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

9 JASON MOOMJY, Individually and On  
10 Behalf of All Others Similarly Situated,

11 Plaintiff,  
12 v.

13 HQ SUSTAINABLE MARITIME  
14 INDUSTRIES, INC., NORBERT SPORNS,  
AND JEAN-PIERRE DALLAIRE, *et al.*,

Defendants.

Case No. 2:11-cv-00726-RSL

**DEFENDANT HQ SUSTAINABLE  
MARITIME INDUSTRIES, INC.'S  
RESPONSE TO OBJECTIONS OF  
MARK PIERCE HANSON**

**NOTE ON MOTION CALENDAR:**  
**MARCH 21, 2013 AT 10:30 AM**  
**ORAL ARGUMENT REQUESTED**

16 Mark Pierce Hanson has filed an Objection to the settlement of the above-referenced  
17 putative class action [Dkt #150] claiming that a “clear case of fraud” exists against Defendant  
18 HQ Sustainable Maritime Industries, Inc. (“HQS”) and that, therefore, the amount of  
19 settlement is insufficient (hereinafter referred to as “Hanson Objections”). HQS hereby  
20 responds. The fraud that Mr. Hanson alleges is statements allegedly made to investors as to  
21 the amounts expended to acquire or expand a fry processing facility and value added facilities.  
22 Of course, a single objection should not, under any circumstances, be the basis upon which a  
23 settlement, negotiated by lead counsel after months of negotiation and with the assistance of a  
24 well-respected mediator, should be rejected. *See Stoetzner v. U.S. Steel Corp.*, 897 F.2d 115  
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DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
INC.'S RESPONSE TO OBJECTIONS OF MARK PIERCE  
HANSON - 1

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1 (3d Cir. 1990) (noting that 10% objection rate “strongly favors settlement”). Further, based  
 2 upon Lead Plaintiff’s response to Mr. Hanson’s Objection [Dkt #151], the Hanson Objections  
 3 appear to have been resolved. HQS nevertheless submits this response to address the  
 4 substance of Mr. Hanson’s assertions because they are baseless. It does so to the extent  
 5 Mr. Hanson’s assertions in any manner gave the Court pause and, perhaps more importantly, to  
 6 highlight that HQS vigorously disputed the claims asserted, which further demonstrates the  
 7 fairness and reasonableness of the settlement. Simply stated, HQS constructed an operational  
 8 fry processing facility, obtained a value added facility for the United States market and  
 9 obtained the land for and began the renovations to construct a value added facility.

10       Contrary to the Hanson Objections, HQS acquired and operated a fry breeding facility  
 11 in China. Mr. Hanson alleges that the fry breeding facility “was never actually constructed nor  
 12 placed in operation” and that HQS made false or misleading statements regarding the facilities  
 13 and the need for capital to grow and operate these businesses. (Hanson Objections at p. 1). In  
 14 fact, in accord with its plans for future operations, HQS acquired, constructed, and operated a  
 15 fry breeding facility as asserted in the SEC filings and HQS statements cited by Mr. Hanson.  
 16 Photographs taken in January 2010 show the signage and gated entrance to the facility, both of  
 17 which reflect an HQS breeding operation. (*See* Exhibit A (signage); Exhibit B (gated  
 18 entrance)). Fry breeding ponds shown in Exhibit C were operational, with a planned  
 19 expansion for research and development around selective breeding. These photographs are  
 20 consistent with the statements by HQS and cited in the Hanson Objections that the fry breeding  
 21 facility was built and in operation in 2010, and that planned expansions were necessary and  
 22 intended upon the acquisition of additional capital.  
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DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
 INC.’S RESPONSE TO OBJECTIONS OF MARK PIERCE  
 HANSON - 2

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1       Additionally, Kevin Fitzsimmons, Ph. D., visited the fry breeding facility in May 2011  
 2 in his capacity as an independent member of the HQS Board. His notes reflect that the facility  
 3 was operational, that it had expanded since 2010, and that additional outlays might be needed  
 4 to keep it operating at its highest capacity. During his visit, Dr. Fitzsimmons spoke with  
 5 hatchery managers, contract farmers, feed mill staff, and others regarding the operation of the  
 6 fry breeding facility. Dr. Fitzsimmons recommended various changes to the breeding  
 7 operations, including expansions and/or changes in construction to increase cost-efficiency and  
 8 production at the hatchery.

10      In 2010, HQS took a number of steps to grow its business using value-added  
 11 production means in China and America. In the American market, HQS acquired 49% of the  
 12 SOJO Foods, LLC operation in Sumner, Washington. (*See* Homepage of Sojo Foods,  
 13 [www.sojofoods.com](http://www.sojofoods.com), attached hereto as Exhibit D). In China, consistent with the statements  
 14 cited by Mr. Hanson, HQS purchased land adjacent to the existing tilapia processing facilities.  
 15 Attached photographs reflect billboards showing one of the planned designs for the value-  
 16 added Chinese production facilities installed at the leased property location. (*See* Exhibit E).  
 17 Additional photographs show existing structures within that leased property where HQS  
 18 intended to build. (*See* Exhibit F). Mr. Hanson challenges the funds expended as to the value-  
 19 added production facility but ignores that, as with the tilapia facility, the property was owned  
 20 by and leased from the military land rather than purchased outright. HQS considered  
 21 numerous designs and layouts given plans to add new technology to the facility, including that  
 22 shown in Exhibit E.

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 DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
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 HANSON - 3

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While the value added projects may not have been completed, this was because HQS was forced to revise its plans. A change in plans is not fraud. HQS's disclosures of its plans for the ongoing development of these facilities are plainly non-actionable forward looking statements that were characterized as such. *See* 15 U.S.C. § 77z(2)(i)(1) (defining safe-harbor statements).

DATED this 18<sup>th</sup> day of March, 2013.

COZEN O'CONNOR

By: /s/ Michael D. Handler  
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**DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
INC.'S RESPONSE TO OBJECTIONS OF MARK PIERCE  
HANSON - 4**

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## CERTIFICATE OF SERVICE

I hereby certify that on March 18, 2013, I electronically filed the foregoing document with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following:

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DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
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HANSON 5

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5 I hereby further certify that on March 18, 2013, I sent via UPS Overnight Mail a paper  
6 copy of the foregoing to the following:  
7

8 Mark Pierce Hanson  
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11 /s/ Michael D. Handler  
12 MICHAEL D. HANDLER  
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DEFENDANT HQ SUSTAINABLE MARITIME INDUSTRIES,  
INC.'S RESPONSE TO OBJECTIONS OF MARK PIERCE  
HANSON - 6

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